

To: Audit, Risk and Scrutiny Board

On: 6 November 2023

Report by: Director of Finance & Resources

Heading: Azets Report to those charged with governance - Coats Observatory Trust Annual Accounts 2022/23

1. **Summary**

1.1 Each year the Council's appointed external auditors carry out an audit of the financial statements of the Coats Observatory Trust, controlled by Renfrewshire Council, and provide an opinion as to whether those statements provide a true and fair view of the financial position of the charity and its income and expenditure for the year; and also whether they have been prepared in accordance with the relevant regulations.

1.2 In accordance with International Auditing Standards (ISA260), Azets is obliged to report to those charged with the governance of the organisation matters that have arisen in the course of the audit.

1.3 The attached ISA260 report from Azets outlines their findings from the audit of the 2022/23 Coats Observatory Trust accounts.

1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, the Council must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30 September.

1.5 Azets officers will attend the Audit, Risk and Scrutiny Board meeting to present their reports.

2. **Recommendations**

2.1 Members are requested to consider the attached report from Azets.

Implications of the Report

1. **Financial** – The annual accounts demonstrate that the Council continues to operate the charity it controls within the resources available, and in line with the relevant legislation.
2. **HR & Organisational Development** – none arising directly from this report.
3. **Community/Council Planning** – none arising directly from this report.
4. **Legal** – An audit opinion free from qualification demonstrates compliance with the relevant legislation and statutory accounting requirements.
5. **Property/Assets** – none arising directly from this report.
6. **Information Technology** – none arising directly from this report.
7. **Equality & Human Rights** – none arising directly from this report.
8. **Health & Safety** – none arising directly from this report.
9. **Procurement** – none arising directly from this report.
10. **Risk** – none arising directly from this report.
11. **Privacy Impact** – none arising directly from this report.
12. **Cosla Policy Position** – none arising directly from this report.
13. **Climate Risk** – none arising directly from this report.

Author: Christine McCourt, Head of Finance and Procurement



Coats Observatory Trust Fund

2022/23 Annual Audit Report to the Audit, Risk and Scrutiny Board and the Accounts Commission

November 2023



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Key messages

This report concludes our audit of Coats Observatory Trust Fund (the “Trust”) for the year ended 31 March 2023. This section summarises the key findings and conclusions from our audit.

Financial statements audit

Audit opinion	<p>The annual accounts are due to be considered by the Council on 6 November 2023 and approved upon completion of the audit.</p> <p>We anticipate our independent auditor’s report to be unqualified.</p>
Key audit findings	<p>The Trust had appropriate administrative processes in place to prepare the annual accounts and the supporting working papers. We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.</p> <p>The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately. This is subject to the completion of the final audit senior management review.</p>
Audit adjustments	<p>We have not identified any audit adjustments during the audit process.</p> <p>We identified some disclosure and presentational adjustments during our audit. As part of our completion procedures, we will confirm these have been reflected in the final set of financial statements.</p>

Accounting systems and internal controls

We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess The Trust's processes and internal controls relating to the financial reporting process.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we include these in this report. We consider the control environment within The Trust to be satisfactory.

Introduction

The annual audit comprises the audit of the financial statements.

We outlined the scope of our audit in our External Audit Plan for Renfrewshire Council (“the Council”), which we presented to the Board at the outset of our audit. We have not made any subsequent changes to the risks outlined in that plan.

Responsibilities

The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The Regulations require an auditor to prepare a report to the charity trustees where an audit is required by any other enactment.

The Trust is Renfrewshire Council’s charitable trust and is covered by the requirements of section 106 of the Local Government (Scotland) Act 1973 and consequently require a full audit. Each registered charitable trust has required a full audit since 2013/14.

Coats Observatory Trust Fund is a registered charity preparing its accounts on a receipts and payments basis.

The Trustees are responsible for preparing its annual accounts, including financial statements which properly present the receipts and payments, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on, the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council’s (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

Adding value

All our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team.

Openness and transparency

This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Annual accounts audit

The Trust’s annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	<p>We conduct our audit in accordance with applicable law and International Standards on Auditing.</p> <p>Our findings / conclusions to inform our opinion are set out in this section of our annual report.</p>	<p>We expect to issue an unqualified audit opinion on the annual accounts subject to final checks on potential post-balance sheet events.</p> <p>We have not identified any errors.</p> <p>We received the draft annual accounts and supporting papers in line with our audit timetable and those draft accounts were of good quality. Further information and revisions were provided promptly where required. Our thanks go to the Finance team for their assistance with our work.</p>
<p>Opinions prescribed by the by the Accounts Commission on the Trustees’ Annual Report</p> <ul style="list-style-type: none"> • 	<p>We plan and perform audit procedures to gain assurance that the information given in the Trustees’ Annual Report is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.</p>	<p>We have no matters to report.</p>

Opinion	Basis for opinion	Conclusions
Matters reported by exception	<p>We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit. 	We have no matters to report.

An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan for the Renfrewshire Council, which was presented to the Audit, Risk and Scrutiny Board in March 2023. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Trust. This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise.

At the planning stage, we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through performing a review of the significant accounting systems, substantive procedures and detailed analytical procedures.

Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures were designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we consider the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual accounts or disclosures.

Our anticipated opinion on the annual accounts is not modified with respect to any of the risks described below.

Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls

Significant risk description

Management of any entity is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although the level of risk will vary from entity to entity, this risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk on all audits.

This was considered to be a significant risk and Key Audit Matter for the audit.

Inherent risk of material misstatement: Very High

Management override of controls

How the scope of our audit responded to the significant risk

Key judgement

There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions.

Audit procedures

- Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals.
- Analysing the journals listing and determining criteria for selecting high risk and / or unusual journals.
- Testing high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness, corroboration and appropriate approval in line with The Trust's journals policy.
- Gaining an understanding of the accounting estimates and critical judgements made by management. We challenged key assumptions and considered the reasonableness and indicators of management bias which could result in material misstatement due to fraud.
- Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Key observations

We have completed our work and have not identified any issues.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Key risk area

Valuation of the Trust land and buildings

Significant risk description

The valuation of Coats Observatory land and buildings is based on fair value, determined as the market value that would be paid for the asset in its current use. Valuation is provided by the Council Valuer and updated as a minimum every five years. The latest

Key risk area

valuation of the Observatory building was 31 March 2021.

Inherent risk of material misstatement:

Assets (valuation): High

How the scope of our audit responded to the significant risk

Key judgements

There is a significant degree of subjectivity in the measurement and valuation of land and buildings. This subjectivity and the material nature of the Trust's asset base represents an increased risk of misstatement in the annual accounts.

Audit procedures

Procedures performed to mitigate risks of material misstatement in this area will include:

- Evaluating the competence, capabilities and objectivity of the valuation expert.
- Considering the basis on which the valuation is carried out and the challenge in the key assumptions applied.
- Testing the information used by the valuer to ensure it is complete and consistent with our understanding. If there have been any specific changes to the assets in the year, we will ensure these have been communicated to the valuer.

Key observations

We have completed our work and have not identified any issues.

Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of The Trust and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the Audit, Risk and Scrutiny Board

and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality was £7,000. On receipt of the unaudited financial statements, we reassessed materiality and have increased this to £6,700 in proportion to the decrease of the asset value for 2022/23 financial year. We consider that our updated assessment has remained appropriate throughout our audit.

		£
Overall materiality for the financial statements	100%	6,700
Performance materiality	75%	5,025
Trivial threshold	5%	335

Materiality	<p>Our assessment is made with reference to The Trust’s gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing financial performance of The Trust.</p> <p>Our assessment of materiality equates to approximately 1% of gross assets as disclosed in the 2022/23 unaudited annual accounts.</p> <p>In performing our audit, we apply a lower level of materiality to the Remuneration Report. Our materiality was set at £5k.</p> <p>We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our materiality levels set. We perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.</p>
Performance materiality	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceeds overall materiality.</p>
Trivial misstatements	<p>Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in</p>

aggregate and whether judged by any quantitative or qualitative criteria.

Audit differences

We have not identified any errors during our audit.

Internal controls

As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Audit, Risk and Scrutiny Board. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

We did not identify any significant control weaknesses during our audit.

Other communications

Accounting policies, presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by The Trust.

The accounting policies, which are disclosed in the financial statements are considered appropriate. The accounting policies used in preparing the financial statements are unchanged from the previous year.

There are no significant financial statements disclosures that we consider should be brought to the attention of The Trust. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately. Overall, we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Audit, Risk and Scrutiny Board. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting The Trust. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations.

Written representations

We requested written representations from management, and these have been shared with the Audit, Risk and Scrutiny Board alongside this report, and are due to be approved and signed alongside the financial statements upon completion.

Related parties

We are not aware of any related party transactions which have not been disclosed.

Appendix 1: Responsibilities of The Trust and the Auditor

Responsibilities of The Trust

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls.

Area	The Trust’s responsibilities
Corporate governance	<p>The Director of Finance and Resources has responsibility for ensuring that an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented, or detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records that are up to date and ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SoRP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014. Decisions regarding the operation, assets, processes or policies of the Trust Fund are delegated by the Council to the Finance, Resources and Customer Services Policy Board (FRCSPB).</p>
Internal Control	<p>The Trustees have overall responsibility for the Trust Funds’ system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.</p>

Area	The Trust's responsibilities
Standards of conduct for prevention and detection of fraud and error	The Trust is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.

Auditor responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity/charities;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202122>

Independence

The Ethical Standards and ISA (UK) 260 require us to give The Trust and fair disclosure of matters relating to our independence. In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements we have no matters to bring to the Audit, Risk and Scrutiny Board's attention.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Our period of total uninterrupted appointment as at the end of 31 March 2023 was one year.

Audit and non-audit services

The total fees charged to the entity for the provision of services in 2022/23 were as follows.

	2022/23
Auditor remuneration	£6,000
Total fees	£6,000

The FRC's Ethical Standard stipulates that where an auditor undertakes non-audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. We have not provided any non-audit services to The Trust.



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We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

My Ref: AR/CB
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Azets Audit Services
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EH3 8BL

Dear Sirs

**Coats Observatory Trust Fund
Financial Statements for the year ended 31 March 2023
Letter of Representation (ISA 580)**

This representation letter is provided for the purpose of expressing an opinion as to whether Coats Observatory Trust Fund's financial statements present a true and fair view, in all material respects, in accordance with applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Coats Observatory Trust Fund's trustees, the following representations given to you in connection with your audit of Coats Observatory Trust Fund's annual accounts for the year ended 31 March 2023.

Financial Statements

- i. We have fulfilled our responsibilities as trustees under the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, for the preparation of Coats Observatory Trust Fund's financial statements in accordance with applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code), for being satisfied that they give a true and fair view and for making accurate representations to you.
- ii. I have complied with the requirements of all statutory accounting regulations affecting the accounts of Coats Observatory Trust Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The financial statements are free of material misstatements, including omissions.
- iv. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements..



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- v. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe that I have appropriately fulfilled these responsibilities.
- vi. The methods, data and significant assumptions used by us in making accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework. I am satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vii. Coats Observatory Trust Fund has satisfactory title to all assets disclosed in the accounts. While the observatory building is currently subject to renovation as part of the Paisley Museum Reimagined project, I have no information that would materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities as at 31 March 2023 reflected in the financial statements.
- viii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of Coats Observatory Trust Fund has been assigned, pledged or mortgaged;
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable law and accounting standards.
- x. All events subsequent to the date of the financial statements and which require adjustment or disclosure have been adjusted or disclosed.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK adopted international accounting standards, and as interpreted and adapted by the Code.
- xii. I have assessed Coats Observatory Trust Fund's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Coats Observatory Trust Fund's ability to continue as a going concern.

Information Provided

- xiii. I have provided you with:



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- a. access to all information of which I am aware that is relevant to the preparation of the Coats Observatory Trust Fund's financial statements such as accounting records, and all other records requested;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within Coats Observatory Trust Fund (via remote arrangements where necessary), from whom you determined it necessary to obtain audit evidence.
- xiv. I have communicated to you all deficiencies in internal control of which management is aware.
- xv. All transactions undertaken by Coats Observatory Trust Fund have been recorded in the accounting records and are properly reflected in the financial statements.
- xvi. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvii. I have disclosed to you all information in relation to known fraud or suspected fraud that I am aware of and that affects Coats Observatory Trust Fund and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xviii. I have disclosed to you all information in relation to instances of, or allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xix. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xx. I have disclosed to you the identity of Coats Observatory Trust Fund's related parties and all the related party relationships and transactions of which I am aware.
- xxi. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxii. I acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as I am aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.



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Approval

The approval of this letter of representation was minuted by Coats Observatory Trust Fund at its meeting on **[date]** 2023.

Yours faithfully

Name: Alastair MacArthur
Position: Director of Finance and Resources



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